

# EXHIBIT 38

## [Filed Under Seal]

# 2015



ANNUAL REPORT

## Financial Highlights\*

<i>(in thousands, except per share figures)</i>	2015	2014	% change
Revenue	\$1,793,087	\$1,646,867	8.9%
Net Income	\$221,854	\$195,022	13.8%
Adjusted Net Income	\$227,127	\$224,984	1.0%
Diluted EPS	\$1.88	\$1.66	13.3%
Adjusted Diluted EPS	\$1.93	\$1.92	0.5%
Normalized FFO	\$317,346	\$310,544	2.2%
Normalized FFO Per Share	\$2.69	\$2.65	1.5%
AFFO Per Share	\$2.62	\$2.57	1.9%
Cash Dividends Per Share	\$2.16	\$2.04	5.9%

\* Please refer to page A-1 in the Form 10-K insert accompanying the Annual Letter to Shareholders for a reconciliation to Adjusted Net Income, Adjusted Diluted EPS, Normalized FFO, Normalized FFO Per Share, and AFFO Per Share.

CCA, a publicly traded real estate investment trust (REIT), is the nation's largest owner of partnership correction, detention, and residential reentry facilities and one of the largest prison operators in the United States. As of December 31, 2015, we controlled 66 correctional, detention and reentry facilities, with a design capacity of approximately 75,000 beds, and managed 11 additional facilities owned by our government partners with a total design capacity of approximately 14,000 beds, in 20 states and the District of Columbia. CCA specializes in owning, operating and managing prisons and other correctional facilities and providing residential, community reentry and prisoner transportation services for governmental agencies. In addition to providing fundamental residential services, our facilities offer a variety of rehabilitation and educational programs, including basic education, faith-based services, life skills and employment training and substance abuse treatment. These services are intended to help reduce recidivism and to prepare offenders for their successful reentry into society upon their release.







*Trousdale Turner Correctional Center, Hartsville, TN*



# Dear Fellow Shareholders,



Damon T. Hininger  
*President and CEO*

When I look across the sector that we serve, we see our partners facing serious challenges – facilities that are overcrowded or aging, inmates and communities struggling to reduce recidivism, and taxpayers shouldering the burden. While some may find this landscape daunting, I'm heartened every day to see the ways our company is rising to help address these critical needs. Whether it's providing evidence-based reentry programming that helps break the cycle of crime, building new facilities more efficiently than ever or bringing our expertise to bear in ways that significantly lower costs for taxpayers, the solutions we provide – and the way we provide them – are needed now more than ever. We've taken what we've learned in more than 30 years serving government partners and demonstrated our ability to evolve to meet the most pressing corrections and detention challenges of our time.

As I reflect back on 2015, I take a great deal of pride in the accomplishments that embody the ways we're helping address the challenges mentioned above. Our ability to deliver meaningful solutions to existing and new government partners positions us well to continue to execute our strategies for growth. Let me share with you some of the highlights from this year. We completed construction on over 6,400 beds at three new corrections and detention facilities – capacity that has and will alleviate overcrowding, place inmates in more modern facilities and help address the serious immigration crisis our nation faces. We acquired over 3,700 residential reentry beds, consisting of 15 reentry facilities in four states, all of which will help position inmates for success as they return to their communities. We were also awarded a new 1,000-bed contract with the state of Arizona to provide correctional services, set to commence in 2016.

In terms of our financial performance, we generated growth in annual revenue and normalized funds from operations per share, positioned the balance sheet to support future growth opportunities, and increased our dividend by 6 percent. While 2015 included its challenges, CCA's value proposition is as strong as ever and we continue to see meaningful opportunities to make investments to further align our business with the needs of our government partners to drive future expansion, improve shareholder value and fortify our position as America's leader in partnership corrections, detention and community reentry services.

In this letter, I will review the issues highlighted below. My comments will describe our successes in 2015 and the opportunities we see for the future, as well as the challenges facing our business. The summary of those highlights is as follows:

I

**2015 provided meaningful growth opportunities** that required capital investment in corrections and detention capacity with demand coming from both state and federal partners.

II

**Development of our acquisition pipeline** resulted in significant expansion of our residential/community reentry portfolio consistent with CCA's overarching commitment to reducing recidivism and offering robust reentry programming.

III

**CCA is focused on the long-term**, and in addition to our shareholders, has a clear commitment to our government partners, employees, the individuals entrusted in our care, the local communities in which we operate and taxpayers.

IV

**Challenges faced in 2015** – like any company, CCA faced challenges throughout the year yet had a solid strategy to overcome and achieve growth.

V

**Outlook for CCA** – attractive growth opportunities with stable, growing cash flow driving attractive dividend yield.

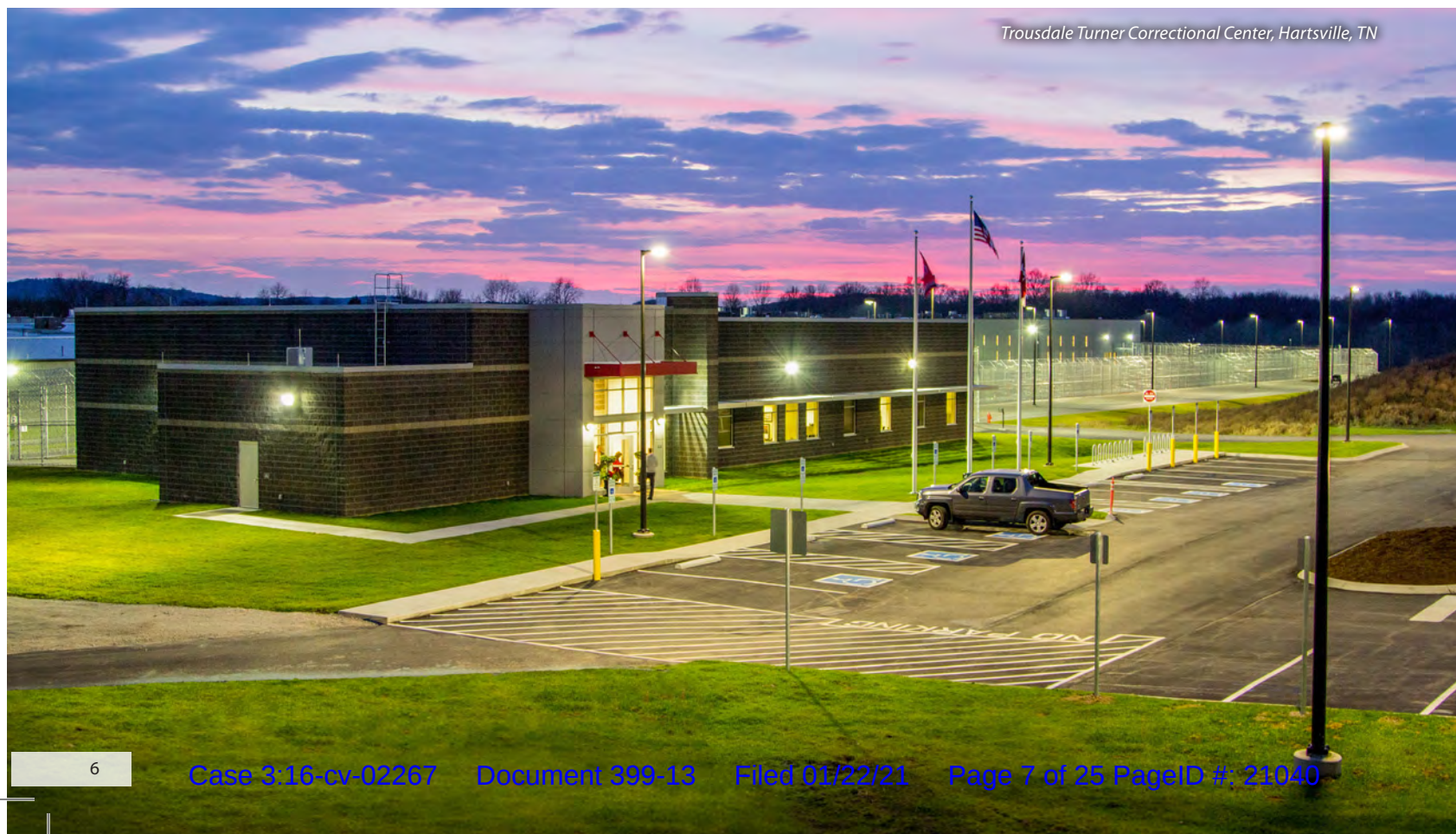
2015 provided meaningful growth opportunities that required capital investment in corrections and detention capacity with demand for our solutions coming from both state and federal partners.

*During 2015, we completed construction of three new facilities—the South Texas Family Residential Center (STFRC), the Otay Mesa Detention Center and the Trousdale Turner Correctional Center.*

### **Trousdale Turner Correctional Center**

In December 2015, we completed the construction of our 2,552-bed Trousdale Turner Correctional Center located in Trousdale County, Tennessee, which is Leadership in Energy and Environmental Design (LEED) certified. Recognized around the world as the leading green building certification program, LEED was developed by the non-profit U.S. Green Building Council as a set of rating systems for the design, construction, operation, and maintenance of green buildings that aim to help building operators be environmentally responsible and use resources efficiently. The facility will be the fourth, and largest, facility operated by CCA in partnership with the Tennessee Department of Corrections as we continue to expand our relationship which spans over 20 years. The facility features expanded opportunities for residents to participate in evidence-based, recidivism reducing programming that is instrumental in improving outcomes for inmates upon their release back to their home communities. Populations at the facility began ramping in January of 2016 under a six month schedule and we expect to be operating near full capacity in the third quarter of 2016.

*Trousdale Turner Correctional Center, Hartsville, TN*





## Otay Mesa Detention Center

In October 2015, we completed the construction of our 1,482-bed Otay Mesa Detention Center located just outside of San Diego, California. The Otay Mesa Detention Center replaced the San Diego Correctional Facility that CCA previously leased from San Diego County, a lease which expired on December 31, 2015, to house detainees under separate contracts with the United States Marshals Service (USMS) and U.S. Immigration and Customs Enforcement (ICE). The new facility expanded the available bed capacity by approximately 500 beds, which we believe is attractive to our existing partners. CCA expects to generate operational efficiencies at the Otay Mesa Detention Center given its state-of-the-art and sustainable design. The facility is also LEED certified, employs the latest technologies in energy and utility conservation, and will allow for improved staffing efficiencies. Transition of populations from the San Diego Correctional Facility to the Otay Mesa Detention Center were completed in the fourth quarter of 2015 and we expect the facility to be a meaningful contributor to earnings growth in 2016.



Otay Mesa Detention Center, San Diego, CA



South Texas Family Residential Center, Dilley, TX

## South Texas Family Residential Center


STFRC is a 2,400-bed facility leased from a third-party lessor and operated by CCA under contract to house immigrant women and children under the custody of ICE, located in Dilley, Texas. In the spring of 2014, ICE was faced with an unprecedented humanitarian crisis on our nations' southwestern border and turned to CCA as a trusted partner to assist in developing a solution to meet their complex needs. CCA partnered with the third-party to construct the 2,400-bed facility, which was completed in May 2015 following an unprecedented eight month timeline. The facility provides an apartment-style residential setting for up to 2,400 women and children while they are processed by ICE to begin their civil process before U.S. immigration courts. In addition to residential buildings, the facility includes a robust assortment of services for the residents, including licensed primary and secondary educational facilities, private meeting rooms for meetings with legal counsel, health care services facilities, child care facilities, food service facilities, a library, religious facilities, soccer fields, indoor gymnasiums, and a multitude of support programs. We are pleased to have been the provider of choice for our federal partner in developing this solution to address their unique needs, which, we believe, is a testament to the strength of our partnership that has spanned more than 30 years.

These recent construction projects represent the most significant bed capacity expansion by CCA since the economic downturn, which began in 2008 and continues to impact the financial outlook for many state budgets. Our partners are turning more toward the private sector to provide turn-key solutions to their correctional needs. Total capital expenditures incurred by CCA for the construction of these assets were approximately \$325 million and the additional capacity is expected to meaningfully contribute to meeting future demand.



## Development of our acquisition pipeline resulted in significant expansion of our residential/community reentry portfolio consistent with CCA's overarching commitment to reducing recidivism and offering robust reentry programming.

High rates of recidivism among ex-offenders remains a costly issue for our federal, state and local partners. The most recent analysis of recidivism data released by the U.S. Department of Justice Bureau of Justice Statistics indicates that greater than three out of every four ex-offenders will be arrested for a new crime within five years of their release from prison. These striking statistics have increasingly gained the attention of corrections department leadership and policy makers at both the federal and state level due to the significant financial and social costs of high recidivism. To address this problem we have seen more resources being allocated to providing additional support for ex-offenders to improve their transition back to their communities.



We at CCA have traditionally provided robust evidence-based programs aimed at reducing recidivism rates of offenders at our correctional facilities. For example, every year CCA's principals and teachers help thousands of inmates earn GEDs, the equivalent to a high school diploma, and every day we have approximately 30,000 inmates enrolled in programs that teach adult education and vocational specialties. However, in 2013 we expanded our capabilities, moving outside the prison setting by acquiring Correctional Alternatives, Inc. (CAI), an operator of residential reentry facilities in California. Residential reentry facilities provide cost-effective residential reintegration programming designed to help ex-offenders return to their communities with better life management skills, long term employment opportunities and permanent housing. Providing ex-offenders with these services prior to their release has been shown to significantly reduce the rate of recidivism.

*In August 2014, I laid out a series of company-wide commitments CCA is making to enhance and expand reentry programming:*

1. Reentry will be a "Day One" priority at CCA facilities;
2. Every CCA professional will be a reentry professional;
3. Every dollar government partners invest in reentry will be a dollar proven to reduce recidivism.

*Along with these commitments, I established measurable goals for evaluating CCA's success and holding the company accountable for long-term progress. The goals include:*

Education opportunities



Vocational training



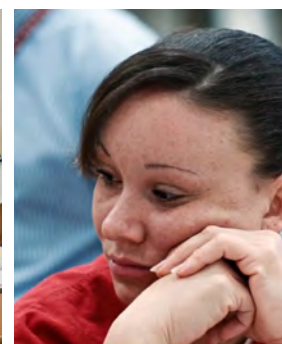
Faith-based programs



Victim impact programs



Addiction treatment programs



We believe these commitments make clear our intentions to help address the complex challenges our country faces with high rates of recidivism. We believe the services provided in residential reentry facilities serve as a natural extension of the reentry services provided in our correctional facilities, as verified by our successful acquisition of CAI, and align us with the needs of our existing federal, state and local partners who in many instances are looking to expand their utilization of these services. For the past few years we have continued to develop a pipeline of high-quality residential reentry operators and were successful at significantly expanding our community corrections platform in 2015.

In August 2015 we acquired a portfolio of four residential reentry properties in Pennsylvania with a capacity of approximately 600 beds which are leased to a separate operator under triple net lease agreements. The transaction introduced a strategic alternative to our traditional model of owning and operating residential reentry facilities, and is an area where we are actively pursuing additional opportunities to deploy capital. In October 2015, we significantly expanded our residential reentry platform with the \$157.5 million acquisition of Avalon Correctional Services, Inc. (Avalon), a residential reentry company operating a combined 3,157 beds in eleven facilities across three states—Texas, Oklahoma and Wyoming. Avalon and CCA have strong geographic and partner overlap and Avalon's nearly 30 year history of providing high-quality residential reintegration programming will only be further enhanced by the expertise and resources of CCA.

CCA is now the second largest provider of residential reentry services in the United States with 17 reentry facilities representing 4,365 beds. As our government partners around the country are seeking ways to help ex-offenders gain the tools and skills needed to return to their communities successfully, which reduces recidivism and improves the quality of life for former inmates and their families, we believe we have positioned CCA to be the ideal partner to provide these solutions.







CCA is focused on the long-term, and in addition to our shareholders, has a clear commitment to our government partners, employees, the individuals entrusted in our care, the local communities in which we operate and taxpayers.

*CCA has a long track record as the founder of the private corrections industry. We are in the midst of CCA's 33rd year of incorporation and 30th year as a publicly traded company. We have ongoing partnerships that originated in the early years of the company and these long-standing relationships are no coincidence.*

Every day we remain focused on providing high-quality, safe and secure facilities that meet the needs of our government partners. By consistently doing so, we have experienced more than three decades of continued growth and contract retention rates in excess of 90 percent. However, understanding what it means to meet the needs of our government partners requires a multi-faceted view of the constituents to which we are held accountable.

### **Government Partners**

As of December 31, 2015, CCA owned or operated 77 facilities in the United States under more than 100 separate contracts with various federal, state and local government agencies. These government partners hold CCA accountable through strong oversight by utilizing a combination of formalized facility and operational standards, on-site contract monitors and detailed audit procedures to ensure strict contract compliance and to evaluate the quality of CCA's operations. In addition to applicable standards and laws, CCA also meets contractually required accreditation standards of the American Correctional Association (ACA). These external reviews are buttressed by CCA's robust Quality Assurance department that is charged with evaluating every aspect of our facility operations and compliance with our partner contracts through detailed unannounced audits at each facility on an annual basis. To further demonstrate our commitment to compliance and accountability, CCA has elevated the role and resources of our Ethics and Compliance Department to enhance facility oversight, improve employee training on compliance matters and more quickly respond should a compliance matter arise. The Corporate Ethics & Compliance officer now directly reports to me, which will speed our response to issues that may arise in the future. We take pride in our strong record of operational excellence that has earned CCA the confidence of our government partners. To maintain this confidence CCA is focused on our long-term performance. This requires we provide our facilities and staff with the necessary resources to operate the best corrections, detention and residential reentry facilities. It is only through our commitment to our long-term performance that CCA will drive future growth and increase shareholder value.





### CCA Employees

Every day, CCA's team of more than 14,000 employees nationwide tackle the unique challenges presented by operating correctional, detention and residential reentry facilities. The 24/7, year-round environment can be challenging and stressful, many times requiring our employees to be away from family and friends during important events and holidays. However, the corrections profession provides a rewarding environment by which our employees are helping to cultivate positive change in the individuals entrusted in our care and have meaningful opportunities to grow and develop their professional careers. As one of the leaders of CCA, I am committed to providing our employees with the best resources for succeeding professionally in order to provide exceptional service and deliver value to our customers.

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# THE CCA WAY

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### The CCA Way

Our company's vision, mission and values – serves as the compass for all employees to guide their conduct as corrections professionals. In order to foster this environment, CCA provides our employees with a competitive compensation and benefits package, in order to attract the best corrections professionals, and prepare them for duty through comprehensive training programs. We continue to make significant investments in our employee training programs, as well as enhancing our ongoing professional development programs to assist employees in advancing their careers, because we see the value of investing in our people.



## Individuals Entrusted in Our Care

Our long-term success as a company also hinges on providing a safe and secure environment for the individuals who have been entrusted in our care. At CCA, we take very seriously our responsibility to respect and uphold the rights and welfare of those individuals. We operate a diverse portfolio of facilities with varying missions which require differentiated service offerings, employee experience and training, and operational practices. We work closely with our government partners to tailor our practices to comply with policies and applicable laws. Safety and security is always paramount in order to facilitate the mission of each facility. Most incarcerated men and women will eventually return to our communities. Whether it's a correctional facility providing addictions treatment and vocational training or a residential reentry facility where ex-offenders are spending their day outside the facility on work furlough, CCA professionals are working to help men and women prepare for their eventual return to society.

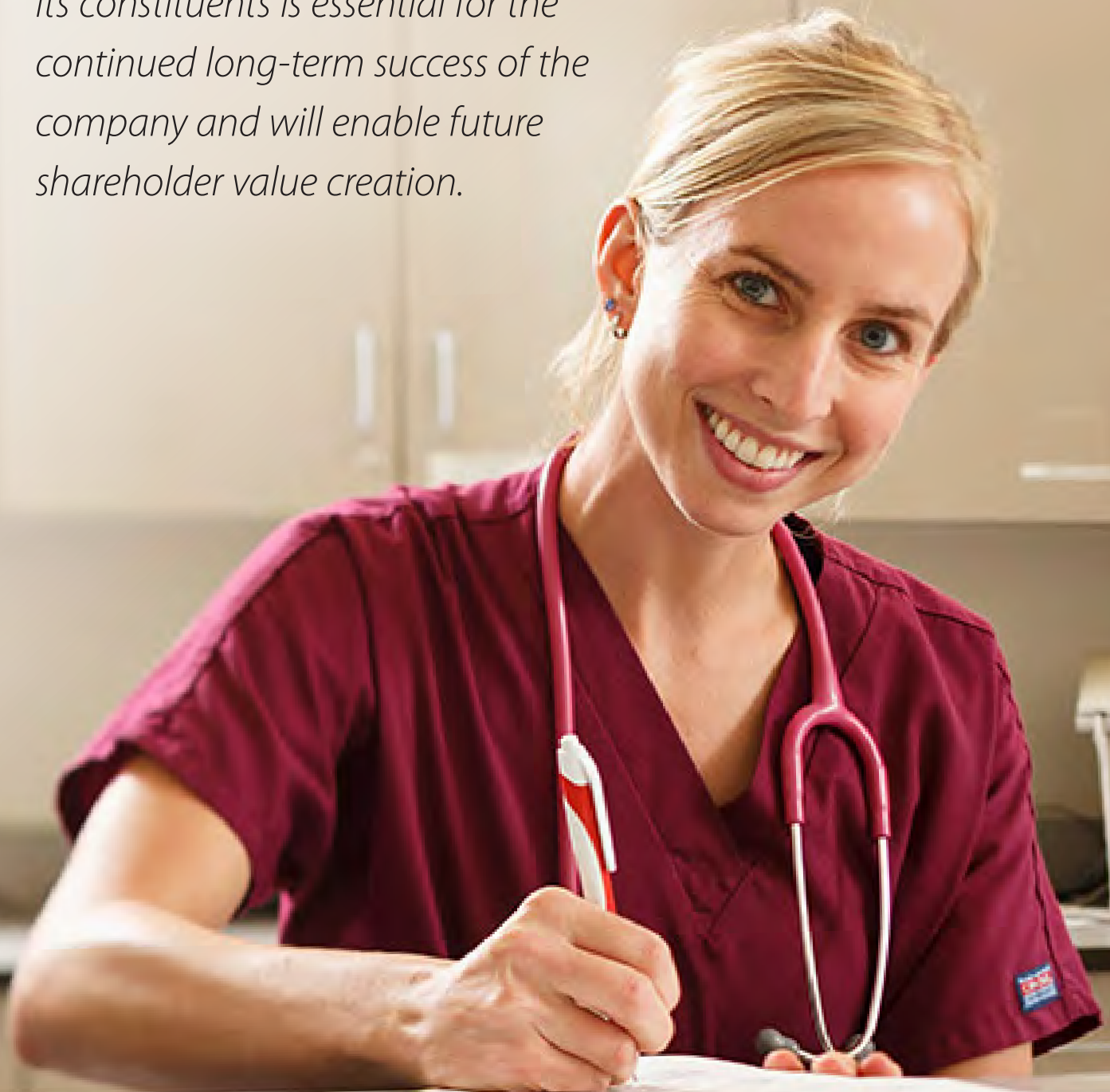
## Local Communities & Taxpayers

Federal, state and local government partners, and the taxpayers they represent, realize significant benefits by partnering with CCA. Our local communities enjoy multiple benefits from hosting one of our facilities. Our facilities offer hundreds of permanent, full-time job opportunities. We contribute to the local community through various taxes that support local services, such as police and fire departments and schools. We take pride in building strong relationships with community and civic leaders, local elected officials, non-profit organizations, faith leaders and residents. Additionally, CCA facilities contribute to community-specific needs and charities through engagement with our local employees and the community.



Taxpayers also benefit from government agencies partnering with CCA. Whether new bed capacity is needed or old, antiquated facilities need to be replaced, partnering with CCA means taxpayers do not incur the upfront capital investment which can often reach hundreds of millions of dollars. In addition, the day-to-day operational cost savings realized by partnering with CCA can free up government budgets to invest in other public works like education, healthcare and infrastructure.

*CCA's commitment to all its constituents is essential for the continued long-term success of the company and will enable future shareholder value creation.*





# IV Challenges faced in 2015 – like any company, CCA faced challenges throughout the year yet had a solid strategy to overcome and achieve value.

*Every large organization will encounter unique challenges each year, and for CCA, 2015 was no exception.*

The most significant and impactful challenge CCA faced in 2015 was the gradual decline in the state of California's utilization of CCA beds outside the state. Leading into 2015, CCA housed nearly 8,900 medium-security inmates on behalf of the California Department of Corrections & Rehabilitation in four facilities in Arizona, Oklahoma and Mississippi. Since 2006, CCA has partnered with the state to provide much needed capacity and flexibility at a time when California's correctional system was working through significant overcrowding. No other company had the capacity, experience and flexibility to provide this just-in-time solution to meet California's unique needs. Throughout that time the state took on many efforts to reduce overcrowding in their system and by early spring 2015, they had successfully met their targeted reductions. As a result, California began reducing their utilization of CCA's out of state beds and ultimately exited 2015 with approximately 5,300 inmates in three CCA facilities. CCA worked closely with the state to efficiently reduce populations, which ultimately resulted in the idling of our North Fork Correctional Facility in Sayre, Oklahoma. In October 2015, CCA entered into a three-year contract extension with California to provide up to 6,562 beds out of state through June 30, 2019, which provides the state with the flexibility to expand its utilization of bed capacity if it has the need over the course of the extended contract.

While these challenges negatively impacted our financial performance in 2015, CCA is well positioned through multiple avenues for growth to effectively drive improved long-term financial results.

Otay Mesa Detention Center, San Diego, CA







Otay Mesa is a next generation design facility that opened in **October 2015** and offers **1,482 beds** utilizing an estimated **43% less** electricity than a traditional facility of similar size.



**V** Outlook for CCA – attractive growth opportunities with stable, growing cash flow driving attractive dividend yield.

*CCA is well positioned to capitalize on future growth opportunities due to our compelling value proposition, continued market demand for our services, and further expansion of our residential reentry platform.*

### **Value Proposition**

CCA's value proposition to our government partners continues to make us the premier provider in the industry and an ideal solution for correctional systems seeking new or replacement facilities. CCA provides our government partners with the flexibility to address their specific needs with just-in-time capacity, full-service owned and operated facilities, or real-estate only solutions with ongoing real-estate management services. We believe additional opportunities to bring a real estate-only solution could become available with government partners whom CCA has yet to partner.

### **Continued Market Demand**

Nearly half of the states and the Federal Bureau of Prisons have facilities operating in excess of 100 percent of rated capacity. In addition, over 200,000 beds at facilities more than 75 years old remain in service and will need to be replaced over the near- to medium-term. These facilities not only cost more to operate and maintain, but their security designs are antiquated, making them less secure and more prone to incidents.

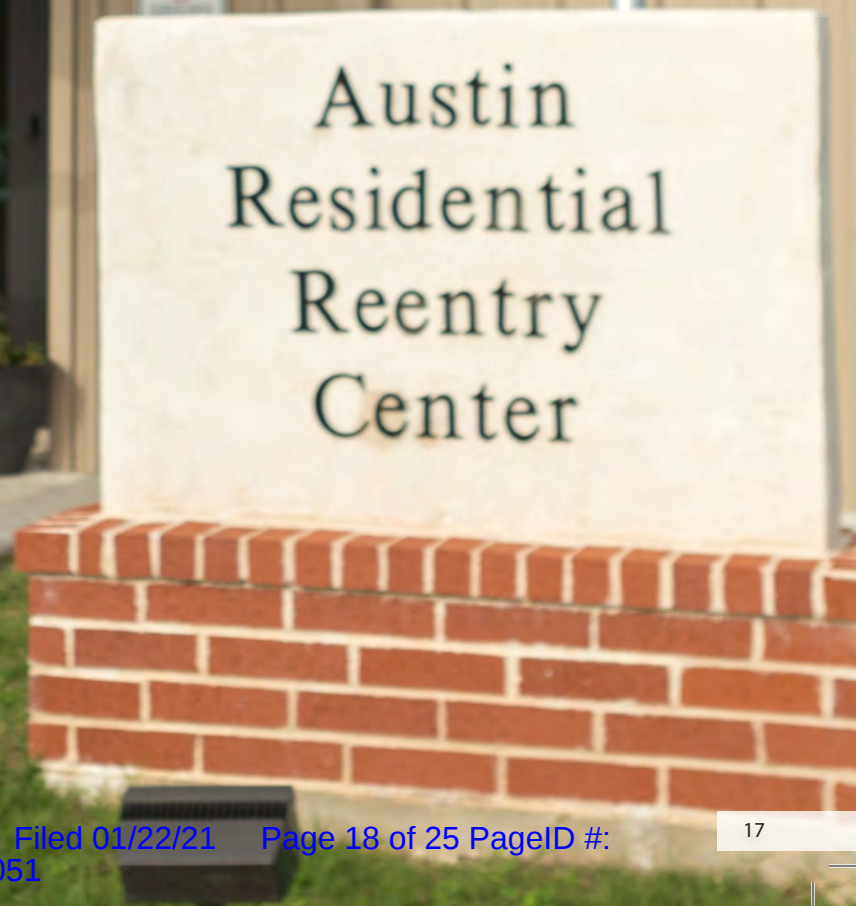


### **Expansion of Residential Reentry Platform**

The residential reentry marketplace remains a very fragmented industry, but increased spending by governments on these services and expansion of the number of individuals being placed in residential reentry programs will require providers to become more sophisticated and efficient in their operations. CCA's significant expansion in this market positions us for future growth organically and through additional acquisitions, while benefiting our government partners by bringing increased resources and expertise to the residential reentry marketplace.



*CCA is now the second largest provider of residential reentry services in the United States with 17 reentry facilities representing 4,365 beds.*





# Our Growth Objectives Include:

*Providing evidence-based reentry programming that helps break the cycle of crime.*

*Building new facilities more efficiently than ever.*

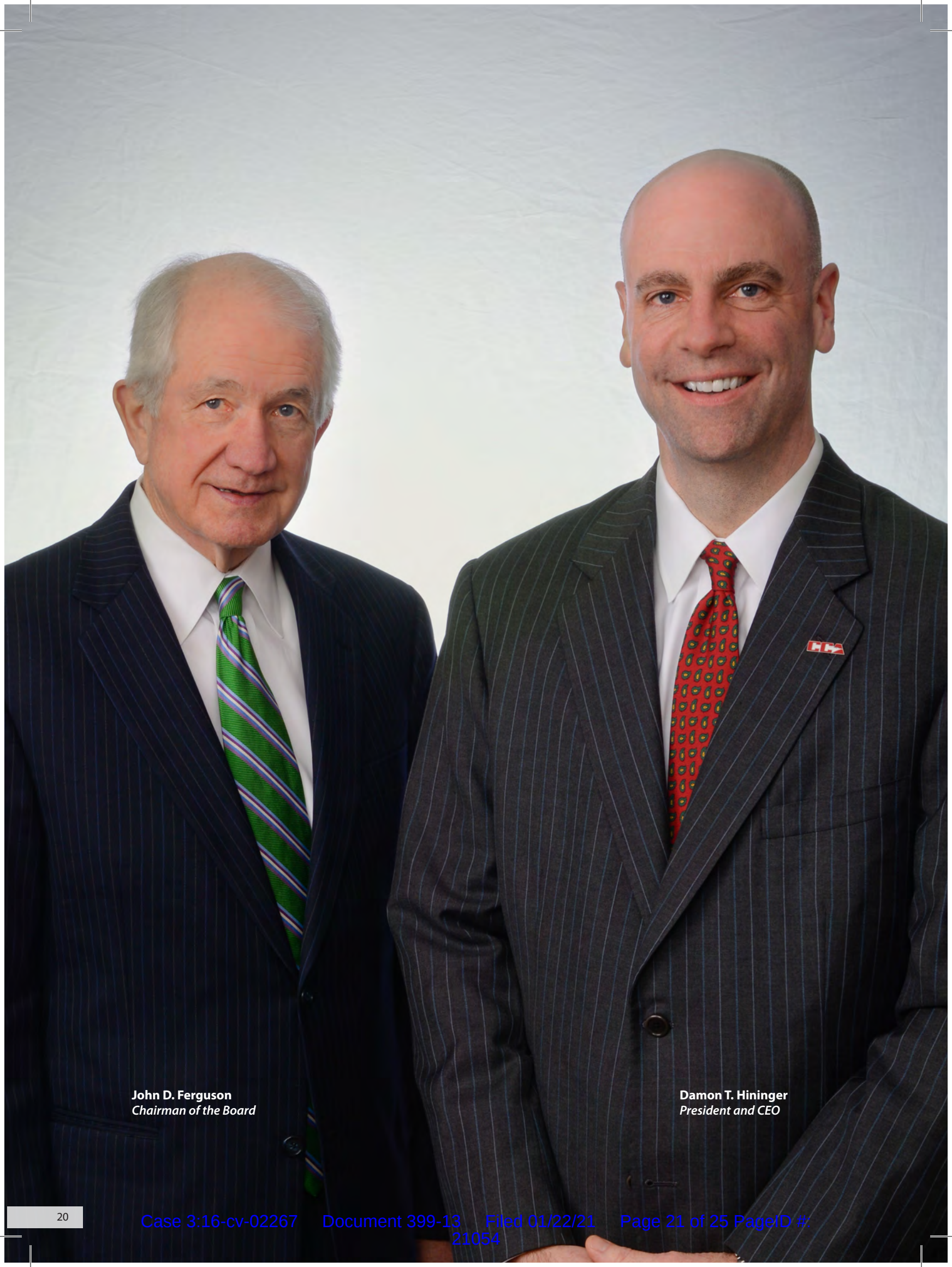
*Bringing our expertise to bear in ways that significantly lower costs for taxpayers.*











**John D. Ferguson**  
*Chairman of the Board*

**Damon T. Hininger**  
*President and CEO*



# Saying Thanks and Farewell

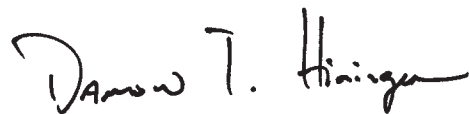
When John Ferguson joined CCA in 2000 as its president and CEO, he brought with him the courage, commitment and drive we needed to put our company on a course for enduring success. And now, as he steps down as chairman of the CCA Board of Directors, I find myself reflecting on everything he has done for our company.

For more than 16 years, John led and supported CCA with a level of dedication that could only be described as selfless. I would love to keep him around for many more years, but I also know that his retirement is well-earned.

As he says goodbye to the company he so passionately championed, I would like to say a humble thank you to him on behalf of the more than 15,000 CCA corrections professionals across the country. John helped us make a difference for the individuals in our care, our communities and our country. He reminded us that being America's leader in partnership corrections is about more than just building correctional facilities and staffing them – it's also about earning and maintaining the trust of our many stakeholders with integrity and a commitment to continuous improvement.

John has and always will be a devoted advocate of CCA. His influence will be felt within and without the corrections industry for years to come. I will personally be forever grateful for his guidance and friendship.

With respect,

A handwritten signature in black ink that reads "Damon T. Hininger". The signature is fluid and cursive, with the first name "Damon" and last name "Hininger" clearly legible.

Damon T. Hininger  
President and CEO





## Directors

John D. Ferguson  
*Chairman of the Board*

Damon T. Hininger  
*President and CEO*

Donna M. Alvarado  
*Audit Committee  
Risk Committee  
Nominating and Governance Committee*

Robert J. Dennis  
*Compensation Committee*

Mark A. Emkes  
*Compensation Committee  
Nominating and Governance Committee*

C. Michael Jacobi  
*Audit Committee (Chair)*

Anne L. Mariucci  
*Audit Committee  
Risk Committee*

Thurgood Marshall, Jr.  
*Risk Committee (Chair)  
Nominating and Governance Committee*

Charles L. Overby  
*Nominating and Governance  
Committee (Chair)  
Risk Committee*

John R. Prann, Jr.  
*Audit Committee  
Compensation Committee*

Joseph V. Russell  
*Compensation Committee (Chair)  
Nominating and Governance Committee*

## Executive Officers

Damon T. Hininger  
*President and CEO*

Anthony L. Grande  
*Executive Vice President and  
Chief Development Officer*

Steven E. Groom  
*Executive Vice President and  
General Counsel*

Harley G. Lappin  
*Executive Vice President and  
Chief Corrections Officer*

Lucibeth N. Mayberry  
*Executive Vice President, Real Estate*

David M. Garfinkle  
*Executive Vice President and  
Chief Financial Officer*

Kim White  
*Executive Vice President, Human Resources*

## Shareholder Information

Corporate Office  
Corrections Corporation of America  
10 Burton Hills Boulevard  
Nashville, TN 37215  
(615) 263-3000  
Website: [www.cca.com](http://www.cca.com)

Stock Information  
Our common stock is listed on the  
New York Stock Exchange, under the  
symbol CXW.

Stock Transfer Agent and Registrar  
American Stock Transfer &  
Trust Company, LLC  
6201 15th Avenue  
Brooklyn, NY 11219  
800-937-5449

Inquiries regarding stock transfers, lost  
certificates or address changes should  
be directed to the registrar and transfer  
agent at the address above.

Form 10-K and NYSE Certifications  
Upon written request, we will provide  
without charge a copy of our Form 10-K  
for the fiscal year ended December 31,  
2015 to our shareholders. Requests  
should be directed to:

Investor Relations  
Corrections Corporation of America  
10 Burton Hills Boulevard  
Nashville, TN 37215

Our Form 10-K is also available on our website  
at [www.cca.com](http://www.cca.com).





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Nashville, TN 37215  
(615) 263-3000  
Website: [www.cca.com](http://www.cca.com)